# GOVERNMENT OF INDIA
# FINANCE AND COMPANY AFFAIRS
# LOK SABHA

UNSTARRED QUESTION NO:657
ANSWERED ON:21.02.2003
FFI IN INDIAN MARKETS
SUNIL KHAN

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

(a) whether attention of the Government has been drawn to the newsitem captioned `FIIs remain market maker in India` asappeared in `Hindustan Times` dated the December 6, 2002;

(b) if so, the facts of the matter reported in the newsitem; and

(c) the reaction of the Union Government thereon?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) Yes, Sir. The article points out that Foreign InstitutionalInvestors (FIIs) are contributing significantly to the liquidityin Indian capital markets.

(b) The Securities and Exchange Board of India (SEBI) has intimatedthat FII`s investment trend has been positive in thepast except during 1998. FIIs have made a net cumulativeinvestment of Rs. 60354.2 crore in Indian securities(for transactions reported till 19/2/2002). Total cash market turnover of Bombay Stock Exchange and NationalStock Exchange for the month of January, 2003 is Rs. 95654.5 crore, of which Rs. 9259.8 crore (or 9.68%) is the total FIIs turnover.

(c) It is a stated policy of the government to encourage foreign investment in India, through institutional investment as well as direct investment. As far as institutional investment is concerned, SEBI registered FIIs can operatein the Indian Stock Market with an individual ceiling of 10% and overall ceiling of 24% or upto the sectoral cap of issued capital of a company.